



COMMONWEALTH of VIRGINIA

DEPARTMENT OF ENVIRONMENTAL QUALITY

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JUN 25 2002

Ms. Judith M. Katz, Director
Air Protection Division (3AP00)
U.S. Environmental Protection Agency, Region III
1650 Arch Street
Philadelphia, Pennsylvania 19103-2029

Reference: NO_x Budget Trading
Program

Dear Ms. Katz:

Pursuant to the requirements of Section 110 of the Clean Air Act, we are officially requesting approval of a revision to the Commonwealth of Virginia State Implementation Plan adopted by the State Air Pollution Control Board on May 21, 2002 in accordance with the requirements of § 10.1-1308 of the Virginia Air Pollution Control Law and 40 CFR Part 51 (Requirements for Preparation, Adoption, and Submittal of Implementation Plans).

This revision consists of a regulation that establishes general provisions addressing applicability, permitting, allowance allocation, excess emissions, monitoring, and opt-in provisions to create a Virginia NO_x Budget Trading Program as a means of mitigating the interstate transport of ozone and nitrogen oxides in order to protect public health and welfare. The regulation creates an enforceable mechanism to assure that collectively, all affected sources will not exceed the total NO_x emissions cap established by regulation for the year 2007 ozone season and to provide the regulatory basis for a program under which the creation, trading (buying and selling) and registering of emission credits can occur.

Enclosed are the following:

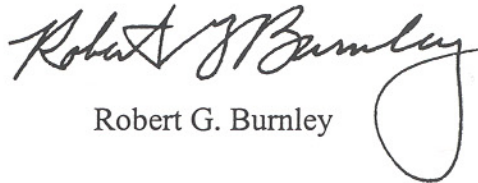
1. Regulation Revision D98
2. Certification of Public Participation Activities and Evidence of Compliance with State Administrative Procedures

3. Summary of Public Testimony and Response Thereto
4. NO_x Budget Demonstration

By this letter, we are also complying with the requirements of 9 VAC 5-140-410 A by submitting to the Administrator the allowance allocations for the base units for the control periods 2004 through 2008. These allowance allocations may be found in the NO_x Budget Demonstration (Enclosure 4). The allocations for the set-aside budget are not being included at this time but will be provided in 2004 as required by 9 VAC 5-140-410 D.

If you have any questions or need additional information, please let us know.

Sincerely,



Robert G. Burnley

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Enclosures